

NORTH CAROLINA EDUCATION LOTTERY RETAILER CONTRACT

Definitions

1. **Act** – North Carolina General Statutes, Chapter 18C, North Carolina State Lottery Act.
2. **Commission** – The North Carolina Education Lottery, The North Carolina State Lottery Commission (NCEL).
3. **Commissioner** – A member of the Commission.
4. **Executive Director** or **Director** – The persons selected by the Commission to be the Chief Administrator of the North Carolina Education Lottery.
5. **Game** or **Lottery Game** – Any procedure or amusement authorized by the Commission where prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares that provided the opportunity to win those prizes and does not utilize a video gaming machine as defined in NCGS § 14-306.1(c).
6. **Person** – Any natural person or corporation, limited liability company (LLC), trust, association, partnership, joint venture, subsidiary, or other business entity.
7. **Retailer, Lottery Retailer, or Lottery Game Retailer** – A person with whom the Commission has contracted to sell tickets or shares in a lottery game.
8. **Share** – Any method of participation in a lottery game, other than by ticket purchased on an equivalent basis with a ticket.
9. **Ticket** – Any tangible evidence authorized by the Commission to demonstrate participation in a lottery game.

A lottery game retailer agrees to abide by the following terms and conditions for selling lottery tickets. Violation of any of these terms and conditions may result in the Commission terminating the lottery game retailer's contract and revoking its certificate to sell North Carolina Education Lottery products. Any application that has been dormant for 90 days will be cancelled, and the applicant must reapply if they chose to become a retailer.

1. A lottery game retailer shall comply with all provisions of the Act.
2. The Commission will not contract with a natural person under 21 years of age.
3. A lottery game retailer must not be engaged exclusively in the business of selling lottery tickets or shares or operating electronic computer terminals or other devices solely for entertainment.
4. A lottery game retailer may not reside in the same household as a member of the Commission, the Director, or any employees of the Commission.
5. No lottery retailer of applicant to be a lottery retailer shall pay, give, or make any economic opportunity, gift, special discount, favor, hospitality, or service, excluding food and beverage having

an aggregate value not exceeding one hundred dollars (\$100) in any calendar year, to the Director, to any employee of the Commission, or to any member of the immediate family residing in the same household as one of these individuals. Members of the Commission shall be subject to the Commission's approved code of ethics.

6. A lottery game retailer must be current in filing all applicable tax returns to the State and in payment of all taxes, interest, and penalties owed to the State, excluding items under formal appeal under applicable statutes.
7. A lottery game retailer is subject to a background check as designated by the Commission.
8. To be eligible to receive and hold a lottery contract, a person shall not have been convicted of a felony within three years, and if convicted of a felony before then, shall have had his citizenship restored.
9. A lottery game retailer will notify the Commission 30 days prior to any change in location (prior to the move), financial status or ownership of 10% or more (*i.e.* a change in officers, directors, partnership, or sole proprietor required to be listed on the application).
10. Any change in ownership of 51% or greater requires a new application fee.
11. If a lottery game retailer is convicted of a felony or gambling-related offense under federal law or the law of any state, the Commission must be notified in writing by the lottery game retailer within 10 days.
12. A lottery game retailer will make the purchase and redemption of lottery tickets convenient and readily accessible to the public. Lottery tickets will be available for sale during the lottery game retailers normal business hours; the lottery game retailer agrees to provide for the redemption of winning tickets during the same hours, up to the amount established by the Commission and subject to the Commission's approved validation hours.
13. A lottery game retailer will offer any and all available instant games, as designated by the Commission, for sale to the public, at all times during the lottery game retailers normal business hours. The lottery game retailer will offer all on-line games as designated by the Commission for sale to the public at all times such games are available during the lottery game retailer's normal business hours.
14. A lottery game retailer will be charged a weekly telecommunication charge of \$15 for each location.
15. It shall be unlawful for a person to sell a lottery ticket or share to a person under the age of 18 years. No person under the age of 18 years shall purchase a lottery ticket or share.
16. No prize shall be paid to a person under the age of 18.
17. No ticket or share in a lottery game shall be sold or resold for more than the retail sales price established by the Commission.
18. A lottery game retailer may only sell tickets for cash, check, debit card, or gift card. Tickets cannot be purchased with credit cards, food stamps, or electronic benefit transfer (EBT) cards.
19. A lottery game retailer shall sell no lottery tickets or shares unless the retailer conspicuously displays

a certificate of authority, signed by the Director, to sell lottery tickets or shares. The Commission shall issue a certificate of authority to each lottery game retailer for the purpose of display for each retail outlet owned and operated by the lottery game retailer. No certificate is assignable or transferable.

20. The lottery game retailer agrees to prominently display point-of-sale materials provided by the Commission and to display the ticket dispensers provided by the Commission for the sale of tickets in a prominent location near the cash register or checkout. Lottery game retailers may purchase their own dispensers. Lottery game retailers will make every effort to display Commission supplied exterior signage.
21. A lottery game retailer shall furnish an appropriate bond or letter of credit, if so requested by the Director.
22. A lottery game retailer is responsible for all tickets delivered to the retail location. The lottery game retailer is expected to provide lottery-approved security for all tickets and Commission property, and to immediately report any lost, missing, stolen, damaged, or altered tickets to the Commission. The lottery game retailer will also notify appropriate local law enforcement officials of any stolen tickets, or equipment and provide the Commission with a copy of the stolen ticket report.
23. The amount of compensation paid to lottery game retailers for their sales of lottery tickets or shares shall be seven percent (7%) of the retail price of the tickets or shares sold for each lottery game.
24. Instant ticket packs will be settled on the gaming system 21 days after packs have been activated by the lottery game retailer. Lottery game retailers will be required to pay for those packs at the close of the accounting week in which that 21st day occurs.
25. A lottery game retailer must make full financial settlement with the Commission every week via an electronic funds transfer (EFT) or other recorded financial instruments as authorized by the Commission and approved by the Director. The Commission may require full financial settlement more than once per week under certain conditions. The lottery game retailer is responsible for proceeds from the sale of all online game tickets sold that week and all instant ticket packs settle as noted in item 23 above. The Commission will notify the lottery game retailer of the amount due (or credit owed) each week. Lottery game retailers who have non-sufficient funds (NSF) to cover their weekly EFT amount, will be assessed a fee in accordance with the Lottery Retailer Financial Guidelines. A lottery game retailer may be required to supply a security deposit in an amount determined by the Commission. Repeated NSF's could cause a lottery game retailer's lottery certificate to be revoked and this contract to be terminated. All individuals listed as having financial interest in the business will be held responsible for the business's debts to the Commission.
26. A lottery game retailer will keep a complete and current set of records accounting for all of its sales of lottery tickets and shall provide it for inspection upon the request of the Commission.
27. A lottery game retailer will fully cooperate with any and all inspections and/or investigations conducted by the NCEL as it relates to NCEL business.
28. The lottery game retailer shall certify that they are in compliance with the American with Disabilities Act (ADA).
29. All the equipment and products supplied by the Commission remain the property of the Commission. Lottery game retailers will provide protection and care of all such equipment and products. The lottery game retailer must provide adequate power source to operate the gaming terminal. The lottery

game retailer will immediately report stolen or damaged equipment to the Commission. Only Commission supplied or Commission approved products are to be affixed to or loaded into dispensers or placed on equipment. The Commission may remove the equipment, products, and supplies at any time, with or without notice.

30. A lottery game retailer may be required to maintain minimum weekly sales averages, which will be determined and communicated by the Commission.
31. A lottery game retailer agrees to abide by all applicable Commission policies and procedures. The Commission reserves the right to suspend, cancel, or terminate a lottery game retailer contract for any violation to this agreement.
32. During its normal business hours a lottery game retailer agrees to immediately validate and pay winning Lottery tickets under Six Hundred Dollars (\$600.00), and make NCEL claim forms available to players.
33. Under no circumstances shall a lottery game retailer condition the sale of lottery tickets upon the purchase of any other goods or services or charge any player a fee for the services of validating or pay winning lottery tickets.
34. Lottery retailers must renew their contract with the NCEL every two years to continue sales of lottery games.

In signing this agreement, I acknowledge that I have read and understand the terms and conditions, agree to be bound by them as well as all official Commission rules and the Act. I certify that I am an agent of the lottery game retailer and I am duly authorized to enter into this contract on behalf of the lottery game retailer.

Signature of Owner or Authorized Agent

Date